



County of San Diego

WALTER F. EKARD
CHIEF ADMINISTRATIVE OFFICER
(619) 531-6226
FAX: (619) 557-4060

CHIEF ADMINISTRATIVE OFFICER
1600 PACIFIC HIGHWAY, SAN DIEGO, CALIFORNIA 92101-2472

July 9, 1999

The Honorable Wayne L. Peterson
Presiding Judge
San Diego Superior Court, Dept. 1
220 W. Broadway
San Diego, CA 92101

Dear Judge Peterson:

Attached, please find the Board of Supervisors' response to the San Diego County Grand Jury 1998-1999 Interim Report: *Procurement of Calworks Case Management Services* for your transmittal to the Grand Jury. I have also provided the minute order indicating how each Board member voted on this item.

If you have any questions concerning this matter, please don't hesitate to contact me at 531-5250.

Best regards,

A handwritten signature in black ink, appearing to read "Walter Ekard", written over a horizontal line.

WALTER F. EKARD
Chief Administrative Officer
County of San Diego

WE/pf
Attachment



COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

GREG COX
First District

DIANNE JACOB
Second District

PAM SLATER
Third District

RON ROBERTS
Fourth District

BILL HORN
Fifth District

28

DATE: June 29, 1999

TO: Board of Supervisors

SUBJECT: RESPONSE TO GRAND JURY 1998-99 INTERIM REPORT ON
PROCUREMENT OF CALWORKS CASE MANAGEMENT SERVICES
(District: All)

SUMMARY:

Overview

On May 18, 1999 (16), the Board of Supervisors received the Grand Jury Interim Report entitled "CalWORKs, A Review of San Diego County's Implementation of Welfare to Work Case Management Services." The Board directed the Chief Administrative Officer to draft a response for the Board's consideration no later than June 29, 1999.

Recommendations

CHIEF ADMINISTRATIVE OFFICER

Authorize the Chief Administrative Officer to transmit the "Response to the 1998-99 Grand Jury Interim Report: CalWORKs, A Review of San Diego County's Implementation of Welfare to Work Case Management Services" to the Grand Jury via the Superior Court Presiding Judge.

Fiscal Impact

There is no fiscal impact with this action.

Advisory Board Statement

This item was presented to the Social Services Advisory Board on June 10, 1999. However, no position was taken, as there was not a quorum present.

BACKGROUND:

On April 29, 1999, the Grand Jury distributed an interim report entitled "CalWORKs, A Review of San Diego County's Implementation of Welfare to Work Case Management Services," addressing the early stages of the contracted case management services. The report highlights issues related to the CalWORKs contract procurement and implementation process while commending the exciting changes in program design and delivery of services. The report makes several recommendations to the Board of Supervisors concerning contract

Subject: RESPONSE TO GRAND JURY 1998-99 INTERIM REPORT ON
PROCUREMENT OF CALWORKS CASE MANAGEMENT SERVICES
(District: All)

28

procurement and managed competition processes. The attached response has been prepared for the Board's review and consideration.

Respectfully submitted,


WALTER F. EKARD
Chief Administrative Officer

**BOARD OF SUPERVISORS
AGENDA ITEM INFORMATION SHEET**

SUBJECT: RESPONSE TO GRAND JURY 1998-99 INTERIM REPORT ON
PROCUREMENT OF CALWORKS CASE MANAGEMENT SERVICES
(District: All)

CONCURRENCE(S)

COUNTY COUNSEL Approval of Form ☐ Yes ☒ N/A

Type of Form: ☐ Standard Form ☐ Ordinance ☐ Resolution ☐ Contract

Review Board Letter Only ☒ Yes ☐ N/A *SRM*

CHIEF FINANCIAL OFFICER/AUDITOR ☐ Yes ☒ N/A

Requires Four Votes ☐ Yes ☒ No

CHIEF INFORMATION OFFICER ☐ Yes ☒ N/A

DEPARTMENT OF HUMAN RESOURCES ☐ Yes ☒ N/A

CONTRACT REVIEW PANEL ☐ Yes ☒ N/A

Other Concurrence(s):

BUSINESS IMPACT STATEMENT: ☐ Yes ☒ N/A

PREVIOUS RELEVANT BOARD ACTIONS:

May 18, 1999 (16) received Grand Jury Interim report entitled "CalWORKs, a Review of San Diego County's Implementation of Welfare to Work Case Management Services" and directed the Chief Administrative Officer to draft a response for the Board's consideration no later than June 29, 1999.

BOARD POLICIES APPLICABLE:

A-43, Response to Grand Jury Interim Reports.

ORIGINATING DEPARTMENT:

Health and Human Services Agency

CONTACT PERSON:

Ray Koenig	685-2290	85-2298	W414	<u>RKOENISS@CO.SAN-</u>
Name	Phone	Fax	Mail Station	<u>DIEGO.CA.US</u>
				E-Mail


DEPARTMENT AUTHORIZED REPRESENTATIVE

June 29, 1999
Meeting Date

**RESPONSE TO THE 1998-99 GRAND JURY
INTERIM REPORT
CALWORKS, A REVIEW OF SAN DIEGO COUNTY'S IMPLEMENTATION OF
WELFARE TO WORK CASE MANAGEMENT SERVICES**

RECOMMENDATION 99-42: The County Board of Supervisors should allow sufficient time, perhaps 60 or 90 days, for all proposers to develop and submit responses on other than a crisis basis to preclude giving large, nationwide companies an advantage in the submission of responses to major RFPs. More time would enhance the quality of program design including the forging of partnerships, and would enable better budget preparation. It would as well place proposers on more equal footing when staff resources available for proposal submission are discounted.

RESPONSE:

Disagree in part. The CalWORKs case management Request for Proposal was issued in draft in November 1997 to over 300 interested parties, and officially released on February 9, 1998 with no significant changes, giving prospective bidders sufficient time to plan their responses. Local providers had the opportunity to participate in the development of the County's strategic plan for welfare reform through community focus groups. This plan is the framework on which the RFP was based. The requirements for linkages within each service region would advantage locally-based agencies more than nationwide, for-profit companies, striking a balance to level the playing field for both large outside firms that can respond quickly, and local smaller firms and agencies that have forged linkages to the community. Although the procurement cycle time for a competitive negotiated procurement will vary, the County benchmark for submission of proposals is 30 days from the date of issuance of a Request for Proposal. Up to 15 additional days can be added when a pre-proposal conference occurs. The CalWORKs Request for Proposal response time was within this timeframe. In the case of CalWORKs, nationwide companies were not given an advantage in the submission of responses to this major Request for Proposal.

RECOMMENDATION 99-43: The County Chief Administrative Officer (CAO) should ensure that budget analysts, who are tasked to review the budget/price packets in substantial RFP proposals such as the CalWORKs Welfare to Work case management services, receive substantial training on the design of the programs they are requested to review. They need to be provided a common methodology to employ when asked to make comparisons rather than being left to their own devices. When required to compare for-profit and nonprofit companies, they must be provided the knowledge and the tools to make such comparisons. Uniformity in the procedures employed by each of the budget analysts is essential for a fair and accurate evaluation report to the Source Selection Committee.

RESPONSE:

Disagree in part. While it is appropriate to ensure proper training for budget analysts who are responsible for reviewing budget/price proposals, the issue in the case of the CalWORKs proposals was that the budget information contained in the proposals was not useful for

comparative purposes. All of the proposals were deemed within cost targets and qualified. Per State mandates, the County was under extremely tight time frames to enroll all mandatory participants by December 31, 1998. Requiring revised budgets from each proposer would have resulted in unacceptable delays, especially considering that prices contained in proposals did not exceed the amount budgeted for the contracts.

RECOMMENDATION 99-44: The County CAO and the County Health and Human Services Agency should ensure that the Source Selection Committees comply strictly with the excellent policy and procedural directives that exist on their bookshelves for the determination of when and how to procure outside contractors. Removing the budget/price section worth 30 percent of the evaluation points, from the competitive process by scoring all such sections at "0", deviated from published procedures, was ill advised, and gives the appearance of impropriety.

RESPONSE:

Disagree. Directives were not violated. The Source Selection Committee decision to score budget/price packets "0" was reviewed by Purchasing and Contracting and found to be within County procurement guidelines. This was a Request for Proposals, not a Request for Bids; the County was seeking creative and innovative proposals within an overall budgeted cost. Service delivery quality, not cost, is a key factor in the evaluation and selection of such proposals. The budget was the lowest weighted factor and had the least number of points of the evaluation criteria. Total prices in the proposals did not exceed the budgeted amount for the contracts.

RECOMMENDATION 99-45: The County Health & Human Services Agency should improve internal systems so that they can accurately forecast and refer clients to contractors. This will only be possible when an accurate system of data collection, reporting and tracking is a countywide reality.

RESPONSE:

Disagree in part. In developing the Welfare to Work RFP in late 1997, the Health and Human Services Agency estimated the number of client referrals to contractors based on a number of assumptions, including projected caseload decline, applications for assistance, number of people exempt from Welfare to Work, and number of child-only cases. The full impact of the historic welfare reform changes on families' program participation was difficult to predict. The RFP clearly stated that the number of referrals was estimated, and the assumptions were documented. Contingency language was included in all contracts in the event of significant variances in the number of people to be served, for the protection of both the County and the contractors. Experience gained this year will enable HHSA and its contractors to refine estimates of numbers of people to be served in the future. As of March 1, 1999, 31,426 clients were assigned to the six regions.

RECOMMENDATION 99-46: The County CAO should temper the rush to privatize major social services such as Welfare to Work case management until it is certain that it has the necessary technical and administrative infrastructure in place to successfully interface with the private sector. At the minimum, this infrastructure should consist of a working automated management information system that is capable of providing and receiving necessary data in a

usable format. This system should enable contractor and County staff to make accurate reports on their performance and give the County the tools that it needs to accurately budget, verify and monitor.

RESPONSE:

Disagree in part. The County has taken steps to provide the necessary technical and administrative infrastructure to successfully interface with the private sector, including hiring a Chief Technology Officer and focusing on improvements through the Information Technology Outsourcing Project. However, State mandates required the County to enroll all mandatory Welfare to Work participants by December 31, 1998, an extremely tight timeline. Delaying case management services pending completion of all automation system changes was not a viable option. The Agency is undertaking programming modifications, independently of the multi-County data system consortium, of which it is a member, to meet immediate local needs. Manual data is being collected in the interim and verified by Agency Contract Operations.

RECOMMENDATION 99-47: The Board of Supervisors should ensure an impartial evaluation of the Welfare to Work system that truly highlights the strengths and weaknesses of each of the different models they are putting in place in San Diego County. This evaluation should not reflect a bias in favor of private contractors because of the current push to privatize County direct services. Nor should it protect County operations through a failure to support full, open and fair "managed competition". An inaccurate evaluation report of outcomes that results from advantages that were garnered through lack of competition or unfair source selection will only serve the interests of a few at the expense of all taxpayers.

RESPONSE:

Agree. The Board of Supervisors authorized an independent evaluation of the regional case management model in December 1997. The current contracted service delivery model provides a three-year window to assess best practices, client impact and outcome measures, conduct a cost-benefit analysis and benchmark costs for the "hard to serve" population by each of the service providers. On April 20, 1999, the Board approved an expenditure of up to \$100,000 in CalWORKs incentive funds to develop the Request for Proposal (RFP) for the evaluation. The RFP for the evaluation will be released in August 1999.

RECOMMENDATION 99-48: The County H&HS Agency should refrain from characterizing procurement actions, and in particular the procurement of Welfare to Work case management services, as "managed competition", when such actions do not conform to the accepted definition.

RESPONSE:

Agree. If procurement actions do not conform to the accepted definition, they should not be characterized as managed competition. The CalWORKs procurement was a unique situation. The December 16, 1997 Board letter requested Board of Supervisors approval to contract case management services in four of six regions "to maximize competition, privatization, and creativity in an incentivized system...." It did not refer to this strategy as a managed competition. Competition is taking place in the actual delivery of services rather than in the

quest to provide services. The evaluation results will indicate strengths and weaknesses of each provider, including the County, and provide important data for considering the most appropriate provider(s) of these services in the long run.

RECOMMENDATION 99-49: The County Board of Supervisors should take every opportunity to conduct managed competitions when privatization is contemplated. Only then can the full benefits of economy and efficiency be achieved through re-engineering.

RESPONSE:

Disagree in part. The County is committed to continue improving the delivery of services, maximizing quality, efficiency, customer satisfaction, and cost effectiveness. The County has used managed competition and re-engineering to promote best practices, improve quality of service and provide the best value for the taxpayers. Decisions about procurements to be subjected to managed competition are made after all relevant factors are reviewed. Over the next year, the County's focus will be on ensuring that new standards of excellence which have been established are maintained well into the future. The County will be fine-tuning and evaluating the changes implemented in the last few years as part of a continuous process to improve services to San Diego County residents.

**COUNTY OF SAN DIEGO
BOARD OF SUPERVISORS
TUESDAY, JUNE 29, 1999**

MINUTE ORDER NO. 28

**SUBJECT: RESPONSE TO GRAND JURY 1998-99 INTERIM REPORT ON
PROCUREMENT OF CALWORKS CASE MANAGEMENT
SERVICES
(Supv. Dist: All)**

OVERVIEW:

On May 18, 1999 (16), the Board of Supervisors received the Grand Jury Interim Report entitled CalWORKs, A Review of San Diego County's Implementation of Welfare to Work Case Management Services. The Board directed the Chief Administrative Officer to draft a response for the Board's consideration no later than June 29, 1999.

FISCAL IMPACT:

There is no fiscal impact with this action.

RECOMMENDATION:

CHIEF ADMINISTRATIVE OFFICER:

Authorize the Chief Administrative Officer to transmit the Response to the 1998-99 Grand Jury Interim Report: CalWORKs, A Review of San Diego County's Implementation of Welfare to Work Case Management Services to the Grand Jury via the Superior Court Presiding Judge.

ACTION:

ON MOTION of Supervisor Jacob, seconded by Supervisor Roberts, the Board of Supervisors took action as recommended, on Consent.

AYES: Cox, Jacob, Slater, Roberts, Horn

State of California)
County of San Diego)^{ss}

I hereby certify that the foregoing is a full, true and correct copy of the Original entered in the Minutes of the Board of Supervisors.

THOMAS J. PASTUSZKA
Clerk of the Board of Supervisors

By Marion Egan
Marion Egan, Deputy

